

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 L-03 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00 CIAE-00

INR-07 NSAE-00 FEA-01 INT-05 OES-03 OPIC-03 XMB-02

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P 292120Z SEP 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 7005

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EO 11652: NA

TAGS: EIND, EINV, PFOR, PE

SUBJ: GULF EXPROPRIATION

REF: LIMA 8057

1. IN CONVERSATION WITH MCCAIN SEPTEMBER 29, EMBASSY OFFICER INFORMED HIM THAT CIEP IS NOW CONSIDERING PERU'S ELIGIBILITY FOR GSP AND THAT PROBLEM MAY BE CREATED BY LACK OF PROGRESS ON PART GOP IN NEGOTIATING COMPENSATION FOR GULF. MCCAIN SAID THAT HE THOUGHT STRIKING PERU FROM LIST OF GSP ELIBLES WOULD BE A GRAVE MISTAKE AND THAT IT WOULD NOT HELP GULF'S SITUATION. ON THE CONTRARY, HE BELIEVED SUCH ACTION WOULD SOUR ATMOSPHERE FOR NEGOTIATIONS. EMBASSY OFFICER SEPARATELY TOOK OPPORTUNITY TO OUTLINE SITUATION TO COMPTON OF MARCONA. COMPTON ALSO SAID HE BELIEVED SUCH ACTION WOULD DAMAGE MARCONA'S CHANCES FOR SETTLEMENT.

2. COMMENT: EMBASSY GRANTS THAT GOP HAS MOVED MORE SLOWLY THAN IT SHOULD IN WORKING OUT COMPENSATION MECHANISM IN GULF CASE. HOWEVER, WE BELIEVE THAT WE SHOULD ACCEPT AT FACE VALUE FOR YET AWHILE ASSURANCES BY GOP OFFICIALS

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THAT GOP INTENDS COMPENSATION AND THAT MORALES BERMUDEZ

GOVERNMENT DESIRES MUCH IMPROVED RELATIONS WITH U.S. (NEW SECRETARY GENERAL OF PRESIDENCY, OSVALDO DE RIVERO, EMPHASIZED LATTER POINT TO DCM AND EMBASSY OFFICER IN CONVERSATION SEPTEMBER 26). WE BELIEVE THAT EXCLUSION OF PERU FROM GSP ELIGIBILITY, WITH SYMBOLIC SIGNIFICANCE SUCH MOVE WOULD HAVE, WOULD BE INTERPRETED TO MEAN THAT USG DOES NOT RECIPROCATE THIS ATTITUDE. WE CAN ALWAYS STRIKE PERU'S NAME IF AND WHEN SITUATION AGAIN TURNS SOUR. IN MEANTIME, WE THINK IT WOULD BE DIFFICULT TO JUSTIFY PERU'S EXCLUSION, PARTICULARLY SINCE REPRESENTATIVES OF U.S. FIRMS INVOLVED BELIEVE MOVE WOULD BE INOPPORTUNE.

DEAN

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